

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7915

BILL NUMBER: HB 1788

DATE PREPARED: Jan 15, 1999

BILL AMENDED:

SUBJECT: Unemployment insurance revisions.

FISCAL ANALYST: Beverly Holloway

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill changes the base period for computation of unemployment benefits to the last four completed calendar quarters. (Current law provides that the base period for computation of unemployment benefits is the first four of the last five calendar quarters.)

This bill increases the earnings base used to compute unemployment compensation to a maximum of \$10,000 in a calendar quarter. (Current law provides that the earnings base used to compute unemployment compensation may not exceed \$5,800.) The maximum total amount of unemployment compensation benefits payable to an individual during a benefit period may not exceed 26 times the individual's weekly benefit, or 32% of the individual's wage credits with respect to the individual's base period, whichever is less. (Current law provides that the maximum total amount of unemployment compensation benefits payable to an individual during a benefit period may not exceed 26 times the individual's weekly benefit, or 28% of the individual's wage credits with respect to the individual's base period, whichever is less.)

This bill decreases the minimum wage credit necessary to qualify for unemployment compensation to \$2,000 in the base period, and requires the total wage credits in the base period to equal at least 1.25 times the wages paid in the highest quarter. (Current law requires \$2,750 in the base period with \$1,650 in the last two quarters of the base period, and requires the total wage credits in the base period to equal or exceed 1.25 times the wages in the highest quarter.)

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill makes changes that will affect the amount of benefits available to recipients of unemployment. First, the base period for computation of unemployment benefits will be calculated on four completed calendar quarters rather than on the current computation of the first four of the last five calendar quarters. It is anticipated that the change in the computation base will increase the amount of unemployment benefits available to recipients. The balance of the Unemployment Benefit Trust

Fund as of December 7, 1998 was \$1.4 billion.

Secondly, this bill increases the earnings base used to compute unemployment compensation. Currently, wage credits are set at \$5,800 per quarter and will be increased to a maximum of \$10,000 per quarter. The bill changes the maximum total amount of benefits payable to an eligible individual during any benefit period from 28% to 32%.

The third provision of this bill decreases the minimum computation base for unemployment compensation from \$2,750 to \$2,000.

All of these provisions will impact the amount of benefits available to an individual from the Unemployment Benefit Trust Fund. The fiscal impact of these provisions is indeterminable at this time and will be updated when information is available.

Explanation of State Revenues:

Explanation of Local Expenditures: See "Explanation of State Expenditures."

Explanation of Local Revenues:

State Agencies Affected: Department of Workforce Development.

Local Agencies Affected: All.

Information Sources: Reginald Wagner, Unemployment Insurance, Department of Workforce Development, (317) 232-7678.